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AIR SUBCOMMITTEE OF THE ENVIRONMENTAL QUALITY SERVICE COUNCIL

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Authority: P.L. 248-1996 (SEA 138); EQSC
Minutes, June 29, 1999

MEETING MINUTES¹

Meeting Date: August 2, 1999
Meeting Time: 9:30 A.M.
Meeting Place: State House, 200 W. Washington St., Room
233
Meeting City: Indianapolis, Indiana
Meeting Number: 1

Members Present: Sen. Kent Adams, Chairperson; Rep. Richard Mangus; David Rector; Gary Redding; Tom Anderson; Travis Worl; Dick Van Frank; John Fekete; Andy Knott; Tony Sullivan; Shirley Welker; Stan Pinegar; Bernie Paul; Grant Smith; Rick Martin; Mike Sandefur; Bryan Tabler; Tom Easterly.

Members Absent: Sen. Glenn Howard; Rep. Dale Sturtz; Marvin Gobles; Cheryl Devol-Glowinski; John Stafford; Darryl Dasher.

Sen. Kent Adams, the Chairperson EQSC Air Subcommittee, called the meeting to order at 9:36 a.m.

¹ Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

After a brief introduction, Sen. Adams asked Subcommittee members and interested parties to discuss the subject set forth in House Enrolled Act 1561: **the feasibility of establishing an air emissions reduction credit program**. The following points were made in the discussion of this subject:

- HEA 1561 was designed to unite parties interested in discussing the trading of pollution credits.
- The issue is highly technical and warrants further consideration by a work group of the Air Subcommittee to address these issues in the short and long term.
- The National Conference of State Legislatures (NCSL) website has a large amount of technical information regarding other states' emission reduction credit programs. The EQSC intern will have access to this site and will provide the committee with necessary information.
- Emissions banking, which is possibly of greater interest to stakeholders than emissions trading, would provide a method for companies to address emissions offsets and promote economic growth.

A *Trading Work Group* of the Air Subcommittee was established. The first meeting of this work group will be held on **August 24, 1999 at 1p.m.** The work group meeting will be coordinated by IDEM and will be held at the Indiana Government Center in a room to be announced. Membership is open.

Concerns expressed by Subcommittee members regarding air emissions trading included the following:

- An indication of the success/failure of these trading programs is needed.
- EQSC should be aware of the unintended consequences of trading programs. They include the possibility that trading programs shift the air emissions burden from one location or source to another.
- It is important to keep transaction costs in trading as low as possible.
- EQSC should address the successes and failures of the Illinois trading program and the possibility of cross-state trading.

Janet McCabe, IDEM Deputy Commissioner, Office of Air Management addressed the subject raised in House Enrolled Act 1919, SECTION 21: **air emissions from the production of styrene**. She informed the Subcommittee that:

- IDEM is working with interested parties to develop a styrene emissions rule.
- The comment period for the rule making ended July 1, and summaries have been completed.
- After another working meeting and revisions, IDEM will present the draft rule language in Goshen, Indiana, on **September 1, 1999 at 7 p.m.**
- IDEM anticipates completion of the rule making process by October 1 and submission of the rule by October 10, 1999.
- IDEM would like to provide a transition to the rule, helping potentially regulated industries to use readily available technologies to achieve compliance.

Comments by Subcommittee members regarding the proposed styrene rule included the following: IDEM should make its rule making meetings more available to the public, including postings of meeting notices on the world wide web.

The Subcommittee discussed the subject raised by House Resolutions 80 and 110: **the best framework for controlling ground level ozone formation**. Comments by Subcommittee

members regarding ozone formation included the following:

- IDEM is currently using seven steering committees to discuss locally-designed strategies to reduce ozone. Is this the best way to comply?
- The federal government's direction on the issue is uncertain. There are no scientific requirements.
- The EQSC needs to define the extent of the non-attainment problem and the sources of ozone precursor production in the state.
- IDEM: Most communities are making good progress using the existing structure. It is necessary to activate communities in developing relevant solutions.
- IDEM: The next step in the process is to determine tradeoffs in regional vs. local efforts.
- Efficiency incentive programs have the potential to create jobs and reduce pollution at the same time. The EQSC should address the possibility of creating an institutional basis for demand-side reduction programs.
- The EQSC could address the possibility of reviving Efficiency Incentive Committees.
- The U.S. EPA is modeling to determine strategies needed to supplement the regional nitrogen oxide (NOx) programs.
- A 37-state study concluded that regional and local strategies worked best in controlling ozone precursors.
- There is a need to discuss the cost-effectiveness of NOx reduction versus volatile organic compound (VOC) reduction.

Senator Adams commented that the challenges are great and the answers are not always black and white. He asked IDEM and Subcommittee members to compile information on ozone formation in Indiana for the next meeting of the Air Subcommittee.

Anthony Reinhart of the Ford Motor Company gave a presentation on the subject raised by House Concurrent Resolution 115: **the air quality benefits associated with the use of alternative fuels and alternative fueled vehicles**. Mr. Reinhart noted that various technologies for alternative-fueled vehicles exist, including fuel cell, hybrid, natural gas, propane, and electric-powered vehicles. Super Ultra Low Emission Vehicles (SULEV) have been determined to reduce auto emissions by 85% in California, he said.

Mr. Reinhart informed the Subcommittee that the Federal Energy Act requires agencies and fleet managers to purchase SULEV vehicles, but two problems exist: (1) manufacturers need high enough volume to reduce the price, and customers won't spend the extra money given other alternatives; and (2) often, the infrastructure for these vehicles (including service and refueling stations) is inadequate.

Mr. Reinhart concluded there is a need to provide incentives to develop infrastructure capabilities for SULEV vehicles. He said that Ford will provide technical assistance as needed.

Comments by Subcommittee members on alternative fuels and alternative-fueled vehicles included the following: the EQSC should recommend investing in the infrastructure to support SULEV vehicles.

At the conclusion of Mr. Reinhart's presentation, Senator Adams suggested that the Subcommittee divide up the subjects before the Subcommittee for further discussion at future meetings. **The next Air Subcommittee meeting will be held on Thursday, September 2, 1999 at 9:30 a.m.** At this meeting, the Subcommittee will discuss:

1. IDEM's proposed styrene emissions rule (HEA 1919, SECTION 21); and
2. the best framework for controlling ground level ozone formation (HR 80 and 110).

Sen. Adams adjourned the meeting at 11:21 a.m.

****PLEASE NOTE:** The Trading Work Group of the EQSC Air Subcommittee was initially scheduled to meet on Tuesday, August 24 at 1:00 p.m. However, the date for that meeting will be changed. The new date and time will be announced.

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